Problem Set #9
Monopoly

Tutorial Problems

1. Assume quantity must be an integer. A monopolist faces the demand schedule in Table 1 and must charge the same price for each unit it sells. What is the marginal revenue of the 21st unit?

Q	19	20	21	22
MWTP	\$180	\$170	\$160	\$155

   A. -\$120
   B. -\$100
   C. -\$40
   D. \$50
   E. \$100

2. Assume quantity need not be an integer. A profit maximizing monopolist constrained to charging the same price for each unit faces demand $Q(P) = 600 - \frac{P}{4}$. What is marginal revenue at Q = 120?

   A. 1220
   B. 1440